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Implementation of the Second United Nations Decade for the Eradication of Poverty (2008-2017)

Report of the Secretary-General

Summary

The present report is submitted pursuant to General Assembly resolution 65/174, on the Second United Nations Decade for the Eradication of Poverty (2008-2017), in which the Assembly requested the Secretary-General to submit a report on the implementation of the resolution under the theme "Full employment and decent work for all". The report addresses the challenges to poverty eradication and some key policy measures for poverty reduction. It also highlights the growing policy coherence within the framework of the Second Decade and describes current efforts to enhance coordination in support of the Global Jobs Pact and the Social Protection Initiative. The report concludes with a set of recommendations that underscore the need to strengthen policy coherence and promote stronger inter-agency collaboration to enhance the implementation of the plan of action for the Second Decade.

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I. Introduction

1. The challenges to poverty eradication were recognized by the High-level Plenary Meeting of the sixty-fifth session of the General Assembly on the Millennium Development Goals held in September 2010, which highlighted the mixed progress in meeting the development objectives, particularly in achieving the targets on poverty reduction, hunger, employment and decent work for all. Governments committed themselves to adopting forward-looking economic policies that lead to sustained, inclusive and equitable economic growth and sustainable development, and which increase employment opportunities, promote agricultural development and reduce poverty.[1] They also committed to reorienting growth towards job creation with the Global Jobs Pact as a general framework.[2] In addition, they reiterated their deep concern at the multiple and interrelated crises, including food insecurity as well as the increasing challenges posed by climate change.[3]

2. The Second Decade for the Eradication of Poverty (2008-2017) was launched at the outset of the Great Recession. Since then, the world economy has entered a recovery that is still fragile and vulnerable. Unemployment remains stubbornly high, while the challenges to reducing poverty in all its dimensions have intensified owing to the impacts of the economic and food crises. A prolonged jobs and social crisis makes successful implementation of the Second Decade's plan of action more meaningful, but also more challenging.

3. The Under-Secretary-General for Economic and Social Affairs, as the focal point for coordination of the implementation of the Second Decade, leads the implementation of a system-wide plan of action for poverty eradication prepared by 21 United Nations agencies, funds, programmes and regional commissions and endorsed by the Committee on Programmes of the United Nations System Chief Executives Board for Coordination in October 2009. The plan of action seeks to enhance the coherence and synergy of system-wide activities throughout the United Nations in the area of employment and decent work towards poverty eradication.[4]

4. The present report examines the challenges highlighted at the High-level Plenary Meeting and examines key policy measures for poverty eradication and hunger. The report also describes recent activities towards the implementation of the Second Decade's system-wide plan of action. In particular, it discusses efforts to build policy coherence in support of the Global Jobs Pact and the Social Protection Initiative, which are important components of the plan of action. It also looks at measures taken to better operationalize the World Solidarity Fund, as requested by the General Assembly in resolution 65/174, and concludes with a set of policy recommendations to address gaps in the implementation of the plan of action.

II. Challenges to poverty eradication

5. Despite setbacks resulting from the multiple crises, extreme poverty — defined as living on less than $1.25 a day — has declined at the global level. Yet,

[1] General Assembly resolution 65/1, paragraph 70 (b).

[2] Ibid., para. 48.

[3] Ibid., para. 6.

[4] The plan of action is available from http://social.un.org/index/Poverty/UNDecadefortheEradicationofPoverty/SecondUNDecadefortheEradicationofPoverty.aspx.

poverty levels remain high and persistent in many parts of the world. The latest poverty estimates show that while East Asia has already met the poverty target of halving the proportion of people living on less than $1.25 a day, sub-Saharan Africa is not on track to meet the income poverty target: 36 per cent of the population in sub-Saharan Africa is expected to live below the poverty line in 2015, above the target of 29 per cent.[5] If the impacts of the crisis are more lasting than expected, the modest achievements made since 2000 would be jeopardized.

6. Reaching the poverty target of the Millennium Development Goals is but one step towards the commitment to poverty eradication made at the World Summit for Social Development in 1995. At the rate of decline observed from 1990 to 2005, when the number of people living on less than $1.25 a day declined from 1.8 billion to 1.4 billion, it would take another 88 years to eradicate extreme poverty.[6] In addition, many individuals live just above the $1.25 a day poverty line and a small shock can push them into poverty. Using the $2 a day World Bank poverty line, for instance, leads to a dramatic increase in poverty levels in developing countries (amounting to 2.5 billion people in 2005).

7. However, despite the global decline in income poverty, the number of undernourished people increased from 817 million in 1990-1992 to over 1 billion in 2009, and it is estimated to have declined to 925 million in 2010.[7] This marginal improvement is under threat because of increased food price volatility and rising food prices since late 2010.

A. Lack of sustained, inclusive and equitable economic growth

8. The evidence shows that rapid economic growth is a necessary condition for poverty reduction. In China and other countries of East and South-East Asia, such as Malaysia, Thailand and Viet Nam, strong growth during the past 20 years has helped to reduce poverty significantly. In the least developed countries, however, low and volatile growth has gone hand in hand with stagnant levels of poverty. Gross domestic product (GDP) per capita actually declined in 17 out of 24 African least developed countries and income poverty increased in 11 of those countries between 1981 and 1999, a period of structural adjustment and high population growth.[8] Economic growth has picked up in many least developed countries since 2000 but success in reducing poverty has so far been slow: income poverty in the least

[5] World Bank, *Global Monitoring Report 2011: Improving the Odds of Achieving the MDGs* (Washington, D.C., International Monetary Fund and the World Bank). The United Nations publication *World Economic Situation and Prospects 2010* estimated that between 47 and 84 million additional people remained poor or fell into poverty in 2009 than would have been the case without the crisis. According to the Foreword of the *Global Monitoring Report 2010: The MDGs after the Crisis*, published by the World Bank and the International Monetary Fund, an additional 64 million people fell into extreme poverty due to the crisis, with 53 million fewer people escaping poverty by 2015.

[6] International Labour Organization, *A New Era of Social Justice: Report of the Director-General* (International Labour Conference, 100th Session, 2011).

[7] Food and Agriculture Organization of the United Nations, *The State of Food Insecurity in the World 2010: Addressing Food Insecurity in Protracted Crises* (Rome, October 2010).

[8] Calculations by the Division for Social Policy and Development based on data from the World Development Indicators Database, http://data.worldbank.org/indicator (accessed on 25 May 2011).

developed countries only declined from 62 per cent in 1999 to 54 per cent in 2005, still far from the 2015 Millennium Development Goal target of 34 per cent, while the number of people living in poverty in those countries increased by 9 million during the period.[9]

9. However, regional poverty trends mask diverse national experiences, even in countries with similar income levels and comparable rates of economic growth. In the least developed countries, for example, estimated income poverty in 2005 ranged from 13.1 per cent in Mauritania to 86.1 per cent in Liberia. The percentage of people living in poverty was more than twice as large in Zambia (65 per cent) as compared to the Gambia (31 per cent), while GDP per capita was close to $350 in both countries.[10] Whereas average growth rates of income per capita were above 7 per cent per year in countries such as Angola, Cambodia and Chad in 2000-2007, the prevalence of income poverty remained stagnant in Chad in 1999-2005, while Angola and Cambodia made significant strides in reducing it.

10. Such diversity in poverty levels shows that the impact of economic growth on poverty reduction depends, among other things, on how the benefits of such growth are distributed among different sectors of society. In countries where the poor have been excluded from economic growth processes or trapped in low-productivity jobs, the gains from growth have gone disproportionately to those who were already wealthier. Between 1990 and 2005, approximately two thirds of countries with available data experienced an increase in income inequality, and the income gap between the wealthiest and poorest 10 per cent of income earners increased in 70 per cent of countries.[11] The gap between indigenous peoples, other ethnic minorities and the rest of the population has also grown over time.[12] Growing inequalities have made it more difficult for those who already lack access to productive resources and assets such as health and education to grow out of poverty.

11. Countries that have experienced strong growth have very often failed to sustain it for an extended period of time. Growth was particularly volatile in the least developed countries during the 1980s and 1990s. Even during the high-growth period of 2000-2007, only nine out of 32 African least developed countries with data available enjoyed seven years of positive, uninterrupted growth.[13] Commodity export-led growth, vulnerable to external shocks and pressures, has been particularly volatile. Even before the food and economic crises, reliance on a few export commodities had not resulted in significant increases in agricultural productivity, capital formation or the development of productive capacities that would make countries depending on such exports more resilient to shocks. In resource-exporting countries, the expansion of oil and other extractive industries, besides having a

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[9] Calculations based on the World Bank Online Poverty Analysis Tool (PovcalNet), http://iresearch.worldbank.org/PovcalNet/povDuplic.html (accessed on 1 June 2011).

[10] GDP per capita at constant US$ 2,000. From: World Development Indicators Database, http://data.worldbank.org/indicator (accessed on 27 May 2011).

[11] International Institute for Labour Studies, *World of Work Report 2008: Income Inequalities in the Age of Financial Globalization* (Geneva, International Labour Office, 2008); Francisco H. G. Ferreira and Martin Ravallion, "Global Poverty and Inequality: A Review of the Evidence", in *Policy Research Working Paper* 4623 (2008).

[12] World Bank, *Global Monitoring Report 2011: Improving the Odds of Achieving the MDGs*.

[13] Calculations by the Division for Social Policy and Development based on data from the World Development Indicators Database, http://data.worldbank.org/indicator (accessed on 2 June 2011).

weak impact on employment, has often resulted in increases of real exchange rates — the so-called "Dutch disease" — which have reduced the competitiveness of other sectors of the economies concerned. In fact, dependence on food imports increased markedly in the least developed countries between 2000 and 2008, and manufacturing output as a share of GDP declined in 27 of them, mostly in Africa, during the same period.[14]

B. Slow employment creation

12. Employment is a crucial means to inclusive and equitable economic growth. Adequately remunerated jobs provide income security, access to social protection, improved health and educational status and a way out of poverty.

13. Employment growth during the period of expansion preceding the economic crisis was not sufficient to absorb the growing labour force: global unemployment grew from 160 million in 1996 to approximately 177 million in 2007, and the unemployment rate remained around 6 per cent throughout the period.[15] In addition, employment growth occurred alongside a redistribution of income away from labour. The share of wages in total GDP declined by the largest margin in Latin America and the Caribbean — by 13 percentage points between 1990 and 2007 — followed by Asia and the Pacific (-10 points) and developed countries (-9 points).[16] Interestingly, the share of wages stagnated in countries that had a trade deficit in 2000-2005 but declined (by 7 points) in trade-surplus countries, suggesting that the gains from export-led growth were not shared equally by profits and wages.[17]

14. The economic crisis has led to sharp falls in employment. Globally, the number of jobless persons reached 205 million in 2010, an increase in 28 million unemployed persons since 2007.[18] Increasing long-term unemployment stands in contrast to the global recovery of real GDP and other key macroeconomic indicators since 2010, and continues to raise fears of a jobless recovery. However, changes in unemployment do not reflect the full impact of the crisis on workers and households. In poor countries, workers laid off from the formal sector have turned to the informal economy, where salaries are often lower and working conditions are poorer. The recession has subjected workers in the informal sector to even lower earnings owing to a decrease in demand and increased competition for informal jobs. As a result, progress in reducing working poverty has slowed. The estimated number of workers living on less than $1.25 a day declined from 660 million in 2007 to 631 million in 2009, but if poverty had continued declining at pre-crisis rates, the number of working poor would have fallen by an additional 40 million in 2009.[18] Nevertheless, the number of working poor has increased in some regions,

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[14] UNCTAD, *The Least Developed Countries Report 2010: Towards a New International Development Architecture for LDCs* (New York and Geneva, United Nations, 2010).

[15] International Labour Organization, *Global Employment Trends January 2008* (Geneva, International Labour Office, 2008).

[16] International Labour Organization, International Institute for Labour Studies, *World of Work Report 2008: Income Inequalities in the Age of Financial Globalization* (Geneva, 2008).

[17] International Labour Organization, International Institute for Labour Studies, *World of Work Report 2010: From One Crisis to the Next?* (Geneva, 2010).

[18] International Labour Organization, *Global Employment Trends 2011: The Challenge of a Jobs Recovery* (Geneva, International Labour Office, 2011).

namely, sub-Saharan Africa (from 170 million in 2008 to close to 175 million in 2009), Northern Africa and Latin America and the Caribbean.

15. Many countries are also witnessing a surge in the number of discouraged workers,[19] particularly among youth, who are also disproportionately affected by unemployment and overrepresented in the informal sector and among the working poor. Early labour market experiences shape the future earning potential of youth as well as the well-being of the current and future generations of young people. The longer the distress in labour markets persists, the more affected workers, their families and their communities run the risk of being trapped in long-lasting poverty.

16. Overall, the economic development path followed by many developing countries has not resulted in a sustained improvement in productive employment. Where employment has grown, jobs have not been a vehicle for promoting social protection and income security. Workers pushed out of agriculture by low productivity and population pressure have often gone into low value-added activities, mostly in the urban informal sector, where the scope for sustained productivity growth and upward mobility is limited, while farm productivity has remained stagnant in many rural areas. In African countries with available data, an estimated 90 per cent of workers are in the informal sector in both rural and urban areas, with the percentage being higher than 90 per cent among working women and youth.[20] In India, 90 per cent of the working population belongs to the informal sector, despite the fact that a number of high value-added services have taken off in recent years.

C. Increasing global food prices and weak agricultural development

17. The Food Price Index of the Food and Agriculture Organization of the United Nations (FAO) reached a record high in February 2011, mainly because of a series of weather-related supply shocks, and remained above its 2008 peak by May 2011.[21] Food demand has remained robust owing to increased use of food stocks for animal feed with growing meat consumption as well as biofuels. As a result, global food inventories remain low. Increased financialization of the commodities market is also contributing to price volatility.

18. Surging food prices and global food insecurity are sparking concerns again over increased poverty and hunger. Since poor people spend large shares of their income on food, even short-lived price increases can have a significant impact on their income levels. So poverty tends to increase when food prices rise. The World Bank estimates that an additional 44 million people may have fallen into poverty in low- and middle-income countries because of the rise in food prices from June to

[19] Working-age individuals willing to work but not actively seeking employment (and not counted as unemployed).

[20] International Labour Organization, *Growth, Employment and Decent Work in the Least Developed Countries: Report of the International Labour Office for the Fourth United Nations Conference on the Least Developed Countries, Istanbul, 9-13 May 2011* (International Labour Office, Geneva, 2011).

[21] The FAO Food Price Index is available from http://www.fao.org/worldfoodsituation/wfs-home/foodpricesindex/en/ (accessed on 9 June 2011).

December 2010.[22] FAO has warned that the number of people suffering from chronic hunger, estimated at 925 million in 2010, may rise owing to the increase in food prices.[23]

19. In addition to weather shocks in large producing countries, speculation in agricultural commodity futures and the surge in biofuel demand have also contributed to this latest crisis. Historically, however, the number of hungry people has kept on increasing even in periods of high growth and relatively low prices, suggesting that hunger, like poverty, is the result of structural problems. Low investment in agriculture and distortions in the global trading system are some of the long-term causes of persistent food insecurity.

20. Public expenditure in agriculture declined sharply in developing countries, and particularly in sub-Saharan Africa, during the period of structural adjustment programmes of the 1980s and 1990s, and has continued to decline since then. Globally, the share of Official Development Assistance going to agriculture also fell, from 16 per cent in 1980 to 4 per cent in 2005, and by 50 per cent in absolute terms.[24] Governments in developing countries have also been pressed to promote the production of export crops. Export-oriented agriculture has induced investment in the production of higher-priced crops for export, to the detriment of lower-priced crops needed to meet the needs of the growing populations in those countries. In addition, long-standing agricultural subsidies in developed countries remain a critical obstacle to agricultural development in poor countries. Countries that were encouraged to liberalize trade quickly have struggled under the pressure of cheap subsidized food exports from developed countries.

21. Decades of neglect have left agricultural productivity stagnant in many developing countries. Average cereal yields in the least developed countries are only half of the world's average, a gap that has remained unchanged over the past two decades.[25] In 14 out of 22 least developed countries with comparable data, per capita food production fell between 1990 and 2005.[26]

D. Climate change and conflict

22. Much of the population residing just above the poverty line remains vulnerable to poverty. An unexpected shock such as seasonal drought, a job loss or family disease can consume household resources and push people into poverty, or push the poor into deeper poverty. When families are unable to recover from such shocks in the short term, they may fall into long-term poverty traps.

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[22] World Bank, *Food Price Watch*, February 2011. Available from http://siteresources.worldbank.org/INTPREMNET/Resources/Food_Price_Watch_Feb_2011_Final_Version.pdf. See also M. Ivanic, W. Martin and H. Zaman, "Estimating the Short-Run Poverty Impacts of the 2010-11 Surge in Food Prices", The World Bank, Policy Research Working Paper 5633 (April 2011), for a thorough description of the assumptions and methodology used.

[23] FAO Initiative on Soaring Food Prices, available from http://www.fao.org/isfp/about/en/ (accessed on 13 June 2011).

[24] World Bank, *World Development Report 2008: Agriculture for Development* (Washington, D.C., 2007).

[25] UNCTAD, *The Least Developed Countries Report 2010* (see footnote 14).

[26] World Bank, *World Development Report 2008*.

23. Climate change and conflict have significant and dynamic links with poverty. People who live in poverty or who are vulnerable to poverty are often ill equipped to resist or mitigate the adverse effects of climate change and conflict, and therefore tend to suffer most.

Climate change

24. Deforestation, the degradation of natural coastlines, increased population density in coastal areas and poor infrastructure have increased the likelihood that weather shocks will develop into human disasters. Vulnerability to the impact of natural disasters is highly correlated with poverty, since poor countries and the poorest sectors of the population lack resilient infrastructure and the technical capacities required for risk reduction. The average number of persons killed per 100,000 inhabitants by a natural disaster between 1970 and 2009 was five times higher in developing than in developed regions and 13 times higher in the least developed countries than in developed regions.[27]

25. People living in poverty, especially in marginal environments and areas with low agricultural productivity, depend directly on genetic, species and ecosystem diversity to support their livelihoods. The effects of climate change on natural systems therefore threaten their well-being. Impacts on agriculture in developing countries from changes in temperature and rainfall patterns are already visible; crop failures and livestock deaths are causing economic losses, contributing to higher food prices and increasingly undermining food security, especially in parts of sub-Saharan Africa. It is estimated that, by 2050, the number of malnourished children could increase by 20 per cent as a result of the impact of climate change on agriculture.[28] By the same year, an additional 1.8 billion people could be living amidst water scarcity.[29] Meanwhile, agriculture-led poverty reduction strategies which focus on building rural income and employment may be compromised.

Conflict

26. Poverty can contribute to conflict through the desperate conditions it generates and the lack of economic and social opportunities it affords poor people. Income inequality and limited job opportunities, particularly among young people, combined with social fragmentation and exclusion, exacerbate social tensions and can ignite conflict.

27. No low-income fragile or conflict-affected country has yet achieved a Millennium Development Goal.[30] On average, a country that experienced major violence over the period from 1981 to 2005 has a poverty rate 21 percentage points higher than a country that saw no violence.[31] It is estimated that while 20 per cent of the world's poor lived in a fragile country in 2005, this share will exceed 50 per

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[27] *World Economic and Social Survey 2011: The Great Green Technological Transformation* (United Nations publication, Sales No. E.11.II.C.1).

[28] Food and Agriculture Organization of the United Nations, *The State of Food Insecurity in the World 2009: Economic Crises — Impacts and Lessons Learned* (Rome, 2009).

[29] United Nations Development Programme, *Human Development Report 2007/2008: Fighting Climate Change — Human Solidarity in a Divided World* (New York, 2007).

[30] World Bank, *World Development Report 2011: Conflict, Security, and Development* (Washington, D.C., 2011).

[31] Ibid., figure F1.3, p. 4.

cent by 2015.[32] The impact of a major episode of violence on poverty is much larger than that of natural disasters or economic cycles, and can wipe out an entire generation of economic progress.

28. Conflict damages essential infrastructure, disrupting public services, such as health care and education, and delivery channels for food and other consumption items. Insecurity may further prevent adults from accessing jobs, reducing productivity and income, and prevent children from attending school, creating irreparable learning gaps among young people. Human capital is further diminished through injury and illness, primarily among non-combatants. Ninety per cent of deaths associated with conflict are due to disease and malnutrition rather than direct violence.[33] Social capital, too, deteriorates amidst conflict, as families are separated or displaced.

III. Key policy considerations for poverty eradication

29. The crises have exposed the vulnerability of poor individuals and families and have emphasized the need for more effective policies. The plan of action for the Second Decade recognized employment and social protection as two crucial avenues for poverty reduction and inclusive and equitable growth. Because agriculture is still the main source of livelihood for poor people, agricultural productivity and rural development are vital for poverty reduction.

A. Achieving sustained, inclusive and equitable economic growth and promoting job creation

30. Achieving the broad-based and inclusive economic growth that is necessary for poverty reduction constitutes a significant policy challenge, particularly for poor countries. It entails generating sufficient productive jobs and livelihoods for a labour force that is growing rapidly. It also requires strategies to promote economic diversification, and improve access to markets, land, credit and other productive resources.

31. Progress in reducing poverty has been faster in countries where economic growth has taken place with gains in agricultural productivity, growth of manufacturing industries and sustained increases in decent work in both rural and urban areas. Such countries have benefited from complementary policies in the economic and social sectors where Governments invested heavily in infrastructure development, social protection and social services that helped to raise productivity and reduce vulnerability. Closing the infrastructure gap can have a substantial impact on the income of the poor in developing countries. Admittedly, infrastructure needs are great in poor countries and meeting them will require international assistance. However, without basic infrastructure, social transfer schemes that foster

[32] L. Chandy, and G. Gertz, *Poverty in Numbers: The Changing State of Global Poverty from 2005 to 2015*. The Brookings Institution, Policy Brief 2011-01 (Washington, D.C., January 2011).

[33] Gareth Evans, *Conflict and Poverty*. Keynote Address to Plenary Session "Tackling Conflict, Fragility and Insecurity: Creating the Conditions for Effective Poverty Reduction", Department for International Development, Conference on Future of International Development (London, 10 March 2009), p. 6.

access to health care, adequate levels of nutrition and social stability, a country cannot unlock its full productive potential.

32. Sustaining economic growth requires orienting macroeconomic policy towards employment creation and poverty reduction. Macroeconomic stabilization policies aimed at curbing inflation and controlling fiscal deficits have increased volatility in the real economy and the labour market. Emphasis on balancing public budgets has often resulted in declines in public investment in infrastructure, technologies and human capital, all of which are critical for inclusive and sustained growth. Early policy responses to the economic crisis showed that there was political will to incorporate social objectives into economic recovery strategies. However, the current move towards fiscal tightening in a growing number of countries suggests that the crisis will not be used as an opportunity to review the inadequacy of existing macroeconomic frameworks.

33. Since job growth before the crisis was insufficient to absorb the growing labour force, employment goals should be set above pre-crisis levels. This will require addressing job and income security, giving emphasis to the creation of stronger and permanent social protection systems. Labour market policies are an important tool for preventing long-term unemployment and supporting structural transformation of the economy. Investing in education and training is critical, as a strong skills base promotes productivity, incomes and access to employment.

34. Public employment programmes can be effective in order to increase aggregate demand, and offer an additional policy instrument to tackle the problem of underemployment and informal employment as part of a wider employment and social protection policy. Because the job recovery will lag significantly behind the recovery, public employment programmes should not be withdrawn prematurely. Employment-guarantee programmes can be an effective strategy for addressing shortages in infrastructure and other goods and services.[34]

35. Small- and medium-sized enterprises employ a large share of both the urban and rural labour force in many countries. In developing countries, these enterprises often operate informally and are characterized by low pay, income insecurity and lack of benefits. Enhancing the ability of such enterprises to generate decent work requires access to credit, technical assistance, building of management capacity and information.

36. The challenges facing the informal sector must be addressed from the perspective of fostering long-term, competitive productive capacity and improving the income security and working conditions of informal workers. If economic growth is not associated with a move towards decent work, particularly in the informal sector, growth will have a small impact on poverty reduction.

[34] R. Lal, S. Miller, M. Lieuw-Kie-Song and D. Kostzer, *Public Works and Employment Programmes: Towards a Long-Term Development Approach*, Working Paper No. 66, June 2010, International Policy Centre for Inclusive Growth, Poverty Group, UNDP.

B. Promoting agricultural and rural development, and food production

37. Agriculture is still the main source of livelihood for poor people and provides employment to a majority of the population in developing countries. Therefore, promoting agricultural and rural development has a huge potential to reduce poverty and generate economic growth. Some 75 per cent of today's rural poor would benefit significantly from higher agricultural incomes.[35] The capabilities of the rural poor must be strengthened and the sources of their vulnerability must be addressed in order to enable them to build better and more secure livelihoods.

38. Overcoming the food crises and their impact on poor and vulnerable people requires a combination of short-term and long-term actions to support agriculture and to strengthen food security. This requires strategies to increase agricultural productivity, environmental sustainability and resilience; to enhance access to agricultural and food markets and trade; to improve infrastructure and to improve access to social services and social protection programmes. Support to food production and, in particular, measures to boost small farmers' access to improved seeds, energy and fertilizers have important implications for poverty reduction.

39. Other needed measures include improving national capacity to manage volatility, better weather forecasting, more investment in agriculture, the adoption of new technologies and efforts to address climate change. Indeed, inasmuch as the poor are the most affected by climate change and environmental degradation, strategies that mitigate the impacts of climate change and lead towards environmentally-sustainable production systems will benefit the poor.

40. Concerted efforts have to be made to ensure that food security is a priority in developing countries, particularly in those poor countries susceptible to chronic food shortages. Producing more food affects only one aspect of food security (food availability) and must be complemented by other interventions to address inequities in access to food and to improve nutrition. Food security exists when all people, at all times, have access to sufficient, safe and nutritious food for an active and healthy life. Therefore, food security programmes should also address issues of access to adequate nutritious food and implement integrated nutrition programmes for the poor and vulnerable. In the short term, hunger hotspots within countries should be a top priority. Prevention-based interventions, such as the distribution of vital micronutrient fortification and supplementation, as well as targeted support of children, through provision of school-based meals, must also be complemented by treatment-based interventions, such as the treatment of severe and moderate levels of acute malnutrition and mass deworming for children. Measures to reduce the impact of high food prices on the poor include social assistance and nutrition programmes for the poorest.

41. The promotion of small- and medium-sized enterprises, including in rural areas, can reduce poverty, improve food security and facilitate diversification from agriculture towards other rural activities. Despite the widely-held view that export production is the most profitable option and that large commercial farms are more efficient in reaching international markets, most of the evidence suggests that

[35] World Bank, Agriculture and Development: A Brief Review of the Literature, Policy Research Working Paper 5553 (January 2011).

domestic urban markets are the key driver of agricultural productivity in a number of countries, and that such markets are better served by small, more flexible family farms, provided they are connected to local trade networks and supported by non-farm income sources.[36] Small farm-holders have also shown great capacity to innovate in response to weather and other shocks.

42. The policy challenge for many poor countries is to promote sustainable growth in small-holder agriculture while enabling the structural transformations that, in many cases, should involve the long-term decline of farming and the growth of a more dynamic manufacturing sector. Countries with large agricultural sectors that have focused on promoting rural development, rather than agriculture alone, by raising small-holder on-farm productivity as well as off-farm employment opportunities, and increasing small-holder access to infrastructure, information and markets, have seen significant increases in agricultural output. Developing the rural non-farm economy is of particular importance in poor countries because of its employment effects and linkages to the rest of the economy.

43. While it is the responsibility of each State to ensure the availability of and access to food, most poor countries would need assistance from the international community in developing their agricultural sectors if they are to prevent food scarcity. Therefore, it is important that global food security remain an international priority in terms of policy attention and in the allocation of resources. The international community should also find measures to stabilize food prices, for example, by preventing export restrictions, revisiting the subsidization of biofuel production and regulating the financialization of food commodity futures and options markets.

C. Advancing universal social protection

44. Around 75 per cent of the world's population does not have access to basic social protection coverage. Many people do not have access to essential health care. For others, a lack of minimum income security with insufficient earning capacity translates into poor nutrition, health and education, leading to poor productive capacity for themselves and their children.[37]

45. The adverse impact of the crisis on so many people underscores the multidimensional nature of poverty and the critical importance of social protection for reducing vulnerability. The social consequences of economic crises have been most severe in countries where social protection systems were weakest and least adequate, made worse by their weak institutional and fiscal capacity. Investments in building and expanding social protection systems across Latin America and the Caribbean since 2000, for instance, have cushioned the fallout from the crisis in the region, helping households to cope with and compensate for the contraction.[38]

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[36] See Cecilia Tacoli, "Links between rural and urban development in Africa and Asia", in *Proceedings of the United Nations Expert Group Meeting on Population Distribution, Urbanization, Internal Migration and Development* (United Nations, New York, January 2008).

[37] See International Labour Organization, *World Social Security Report 2010/11: Providing coverage in times of crisis and beyond.*

[38] For further analysis, see *Did Latin America Learn to Shield Its Poor from Economic Shocks?* (World Bank, LAC Poverty and Labor Brief, October 2010).

46. Social protection measures can help to regenerate economic activities and livelihoods, and can also act as an automatic stabilizer by transferring a certain amount of wealth to the needy and spurring aggregate demand during periods of economic downturn. By ensuring that the essential needs of the vulnerable are met, social protection helps to break the vicious cycle of poverty breeding more poverty. In the long term, social protection can help individuals and families to build human and social resources, and thereby unleash the productive potential of the workforce. Social protection as an expression of solidarity also helps to reduce social upheavals and conflicts, and promote social justice.

47. Well-designed social security benefits are one element of policies promoting productive employment, gender equality, social cohesion and sound economic growth. Social protection enhances participation in the labour market by enabling women and men to engage in productive employment and contribute to economic development, as shown by various examples from countries as diverse as Bangladesh, Brazil, India, Mexico and South Africa.[39] The availability of social protection also makes markets work better and reduces some of the inequality they tend to produce.

48. Therefore, social protection should be seen as an important ingredient of a more inclusive and equitable growth strategy, widening the distribution of the benefits of growth. Universal access to basic social protection and social services is necessary to break the cycle of poverty and reduce inequality and social exclusion. A basic social protection floor is affordable; its benefits need to be weighed against the high potential human, social and economic costs of not investing in social protection. Based on an analysis of 80 individual studies on cash transfers that provide an element of social protection in about 30 developing countries around the world, the International Labour Organization (ILO) makes the case that most countries can afford some level of social protection for their population, which can have a dramatic impact on poverty. A distributional analysis of essential social transfers alone shows that the combination of a modest cash benefit for children and a modest pension, which could be an "entry level" of a social floor for poorer countries, could reduce the poverty head count by about 40 per cent — a major contribution to the achievement of Millennium Development Goal 1.[40]

49. Estimates by ILO show that a social protection floor, consisting of a minimum level of income security for children, older women and men and poor workers, in 49 least developed countries would cost about US$ 46 billion per annum. These resources would provide a very substantial contribution to the achievement of Millennium Development Goal 1 by pulling about 442 million people out of extreme poverty in the first year. The cost of this package (8.7 per cent of the GDP of all least developed countries) would require gradual implementation if it were to be fully financed from national budgets.[41]

50. Ensuring a social protection floor for people who are struggling to survive should be a priority to address the multifaceted nature of poverty. These measures

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[39] International Labour Organization: *A New Era of Social Justice: Report of the Director-General* (International Labour Conference, 100th Session, 2011).

[40] See F. Gassmann and C. Behrendt, "Cash benefits in low-income countries: Simulating the effects on poverty reductions for Senegal and Tanzania, Issues in Social Protection". Discussion paper 15 (Geneva, ILO, August 2006), pp. 47-49.

[41] International Labour Organization, *A New Era of Social Justice: Report of the Director-General*.

within the commitment to universal provisioning should ensure that the most vulnerable are reached. The ongoing cuts in social spending in a growing number of countries will only serve to increase vulnerability and working poverty.

IV. Building policy coherence for poverty eradication

51. Relevant agencies, funds and programmes of the United Nations system have continued to implement the plan of action for the Second United Nations Decade for the Eradication of Poverty through activities and collaborative efforts to promote awareness of the decent work agenda, share good practices and support capacity-building.[42] Over the past year, efforts to enhance coordination and policy coherence for poverty eradication and full employment have focused on supporting the Global Jobs Pact and the Social Protection Floor Initiative, two initiatives that fall within the framework of the Second Decade.

Global Jobs Pact

52. The Global Jobs Pact provides a general framework for use by countries in formulating appropriate policy packages specific to their national situation and priorities in order to accelerate recovery. It includes a range of crisis-response measures that countries can adapt to their specific needs and situation. It is not a one-size-fits-all solution, but a portfolio of options based on successful examples, and is designed also to inform and support action at the multilateral level. The Pact promotes a productive recovery centred on investments, employment and social protection, and also strives to put employment at the centre of the policy agenda.[43]

53. The ILO has developed a set of policy briefs, covering issues such as employment creation and services, investments, the informal economy, green jobs, youth, gender and vulnerable groups.[44] The policy approaches reflected in the briefs are consistent with the Global Jobs Pact and provide guidance on effective interventions. They have been shown to help boost employment generation and jump-start a job recovery and support a broader macroeconomic recovery.[45] Those countries that followed a more inclusive, job-centred approach have been rewarded with more limited job losses, fewer social tensions and faster economic recovery.

54. The ILO and the Department of Economic and Social Affairs of the United Nations Secretariat organized an inter-agency technical meeting on building employment and decent work into a sustainable recovery and development, in an effort to enhance inter-agency coherence within the framework of the plan of action

[42] A full description of initiatives and activities implemented by relevant organizations until mid-2010 is contained in the report of the Secretary-General on the implementation of the Second Decade (A/65/230).

[43] The United Nations System Chief Executives Board for Coordination in April 2009 launched the Global Jobs Pact Initiative, which is aimed at focusing the attention of decision makers on employment measures and decent work as the foundation for long-term recovery (see General Assembly resolution 65/1).

[44] See www.ilo.org/jobspact/resources.

[45] For example, as part of its New Growth Path, South Africa set a target to generate 5 million jobs by 2020 and reduce unemployment by 15 per cent. Part of this plan is envisaged to be achieved through the Expanded Public Works Programme, which was first implemented between 2005 and 2009 and created more than 100,000 jobs.

for the Second Decade. The aim of the meeting, which took place in Turin, Italy, from 29 November to 1 December 2010, was to encourage dialogue on the Global Jobs Pact, prompt more coherent United Nations policy responses to employment and decent work challenges and exchange good practices. The meeting, attended by agencies engaged in the plan of action as well as other international organizations, produced useful proposals and initiatives to strengthen the plan of action. It also provided a unique overview of current thinking and action within the United Nations system on the key challenges of development, growth and poverty eradication.

Social Protection Floor Initiative[46]

55. The Social Protection Floor (SPF) Initiative is the United Nations system-wide joint effort to promote the extension of a set of essential services and transfers to all in need of such protection. The SPF Initiative has developed a strong coalition of United Nations agencies, bilateral partners, development banks and non-governmental organizations to ensure coherence and coordination across actors and sectors, thus providing optimal support at the country level.

56. Many SPF activities have spillover effects in several sectors, such as social welfare, labour, health, education, infrastructure, agriculture and others. The SPF Initiative also encourages countries to bring disparate planning processes for social policies into one coherent development planning framework that sets clear medium- and long-term objectives. This facilitates the introduction or reform and financing of social protection policies and enables Governments to explore synergies between different sectors. The national SPF frameworks vary depending on national circumstances, but the process to develop this framework should be consultative, inclusive and participatory, involving government representatives from relevant ministries, social partners, parliamentarians and civil society.

57. The United Nations system offers technical assistance tools for the planning and implementation of SPF policies. Strong inter-agency collaboration through the Global SPF Advisory Network set up by the SPF Initiative ensures technical assistance to support countries, making optimal use of the respective areas of expertise and comparative advantage of each agency. Tools developed by the Initiative include the manual for SPF country operations, costing tools, and a methodology for assessment-based SPF dialogues. In addition, each agency disposes of specific tools in its area of competence relating to specific elements of the floor or target groups such as income security, health, water and sanitation, food security, housing, children, the elderly, people with disabilities, people affected by HIV/AIDS, women, people living in remote rural areas, and so forth.

58. The SPF Initiative has supported various countries in implementing SPFs by launching national dialogues on social protection needs and priorities based on an initial analysis of existing schemes and programmes and estimated costs of introducing new benefits. Countries where joint SPF activities are under way include Armenia, Benin, Burkina Faso, Cambodia, El Salvador, Indonesia, Mozambique, Nepal, Rwanda, Thailand, Togo and Viet Nam. The SPF concept is translated into practice through an SPF manual with guidelines for country operations on the strategic framework for joint United Nations country operations.

[46] This section is based on information submitted by the International Labour Organization.

As the knowledge, expertise and experience of developing countries that have already advanced in building their SPFs are suitable to inspire countries that are now starting to develop their SPF strategies, the Initiative has strongly emphasized South-South and triangular cooperation. The Initiative also offers training and capacity-building programmes for national social policy planners and decision makers and those implementing the schemes.

59. Since the SPF Initiative provides a coherent framework for Governments and the United Nations system to coordinate their activities and accelerate progress on poverty reduction, there have been advocacy activities to raise awareness about the SPF at the regional and global levels. A high-level Social Protection Floor Advisory Group was established in August 2010 to enhance global advocacy. Sustained advocacy for the Social Protection Floor agenda will be crucial for the rebalancing of economic and social development to ensure an inclusive globalization and thus a successful Second United Nations Decade for the Eradication of Poverty.

V. Initiatives for poverty eradication

World Solidarity Fund[47]

60. In 2002, the General Assembly adopted resolution 57/265 entitled "Establishment of the World Solidarity Fund", drawing from the experience of national solidarity funds that focused on improving the living conditions of marginalized populations through income-generating microprojects.

61. The Fund was expected to contribute to eradicating poverty and promoting social and human development in the developing countries and was additionally expected to "support requests received from Governments of developing countries for financing poverty alleviation projects, including initiatives from community-based organizations and small private sector entities" (resolution 57/265).

62. In resolution 57/265, the General Assembly also requested the Secretary-General to mandate the Administrator of the United Nations Development Programme (UNDP) "to take the necessary measures for the immediate operationalization of the World Solidarity Fund as a trust fund of the Programme, subject to the financial rules and regulations as adopted by the Executive Board of UNDP and of the United Nations Population Fund". Based on this mandate, UNDP, in cooperation with concerned partners, organized a working group meeting on 17 September 2004, attended by the Minister for Foreign Affairs of Tunisia, the President of the Economic and Social Council and the Administrator of UNDP as well as other government representatives and agencies. UNDP, in cooperation with the Department of Economic and Social Affairs and other partners, prepared relevant background papers for the meeting, including on measures for the suggested operationalization of the Fund, project approval and the reporting process. The working group discussed key issues regarding the institutional and operational arrangements, composition of the high-level committee and ideas for fund-raising.

63. At the meeting of the working group, it was agreed that the high-level committee would provide strategic direction and advocacy for the Fund, mobilize

[47] This section is based on information received from the United Nations Development Programme.

resources for the Fund, and oversee and monitor its activities. This was in line with resolution 57/265 and based on the recommendations contained in the report of the Secretary-General on the proposal to establish a world solidarity fund for poverty eradication (A/57/137). It was also agreed that the Government of Tunisia would convene a meeting of the high-level committee. Unfortunately, no contributions have been received by the Fund, and the meeting of the high-level committee did not take place.

64. In the absence of funding or direction from the high-level committee, UNDP could not set up a structure for management of the Fund or implementation of programmes. UNDP has briefed both the Second Committee of the General Assembly as well as its Executive Board on the status of the Fund.

65. In the light of the current financial crisis, it is unlikely that the World Solidarity Fund will become operational without a strong commitment from Member States to contribute to it. Yet, poverty eradication is a key objective of international development cooperation. The objective of the World Solidarity Fund is therefore at the core of the work of the United Nations system through its efforts towards achieving the Millennium Development Goals.

VI. Conclusion and recommendations

66. **In order to reach the poverty target of the Millennium Development Goals and to ensure a sustainable recovery, a coordinated response that leads to sustained, inclusive and equitable economic growth and promotes sustainable development is required. In this regard, macroeconomic policies that promote the creation of productive employment and support stronger social protection are of critical importance. Agricultural investments and rural development are both important dimensions of growth which also help to reduce poverty and improve food security.**

67. **The Second United Nations Decade for the Eradication of Poverty (2008-2017) provides an important framework for action to enhance coherence and synergy among United Nations system-wide activities in support of national efforts to eradicate poverty. It also constitutes a meaningful platform to raise the visibility of the social pillar of sustainable development. The plan of action for the Second Decade has already earned broad support and resulted in improved policy coherence and coordination within the United Nations. However, an effective response to the threats posed by the continuing global jobs crisis will require additional efforts to enhance policy coherence and further collaboration by Member States, civil society and all relevant partners.**

68. **The General Assembly may wish to consider the following recommendations:**

(a) **Encourage the international community to continue its support for national efforts to eradicate poverty by creating a favourable international environment and ensuring greater coherence among macroeconomic, trade and social policies;**

(b) **Urge Member States to continue to support the system-wide plan of action for the Second United Nations Decade for the Eradication of Poverty and related efforts to achieve full employment and decent work for all;**

(c) Recognizing that the creation of full and productive employment and decent work should be at the centre of a policy framework for sustained, inclusive and equitable growth, encourage Member States in this regard to implement the principles and objectives of the Global Jobs Pact and reorient macroeconomic policies to stabilize income and employment by pursuing consistently counter-cyclical macroeconomic policies;

(d) Recognizing that universal access to basic social protection and social services is necessary to break the cycle of poverty and inequality, encourage Member States to consider establishing a social protection floor as an effective safeguard against poverty, consistent with national priorities and circumstances;

(e) Urge the United Nations system to continue to promote stronger inter-agency collaboration for implementation of the plan of action for the Second Decade to have a greater impact at the country level and in support of the Social Protection Floor Initiative;

(f) Recognizing the persistent impacts of the food crises upon poverty, hunger and food security, encourage Member States to play a stronger supportive role in the development of agriculture and food production, including by raising the productivity of small farms and promoting sustainable environmental resource management; and, in this regard, encourage the international community to improve and enhance international cooperation in support of agricultural development, particularly food production;

(g) Given the lack of progress in operationalizing the World Solidarity Fund, the General Assembly may wish to consider alternative arrangements and mechanisms to achieve the objectives of the Fund through complementary activities and initiatives already being undertaken by the United Nations system.